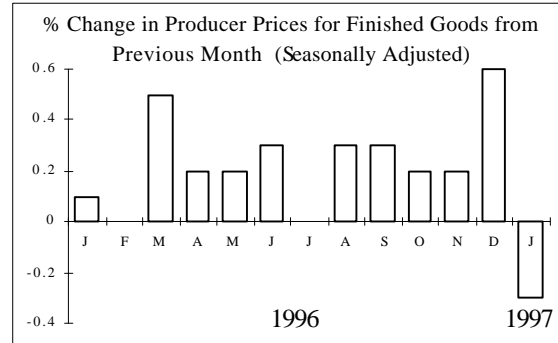
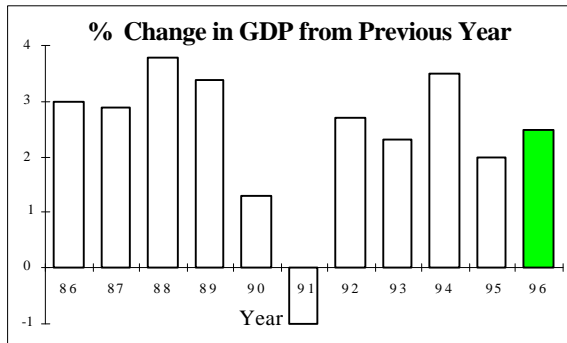


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FOURTH QUARTER SHOWED STRONG GDP GROWTH

The Commerce Department reported that in 1996 the Real Gross Domestic Product grew 2.5%. This growth was helped by a strong 4.7% annual growth rate in the fourth quarter, driven by large increases in consumer spending and exports. For all of 1996, the gross domestic product was \$7.6 trillion in current dollars.

PRODUCER PRICES DOWN IN JANUARY

The Labor Department reported that producer prices in January fell 0.3%, the first drop since October 1994. January's decline was helped by reductions in prices for heating oil, meat, and cars. Also, the Federal Reserve reported that January's industrial production level was unchanged and factory capacity utilization rate declined slightly. All of these indicators point to a lack of inflationary pressures, with room for non-inflationary increases in production, if economic demand increases.

GERMAN UNEMPLOYMENT RATE SOARS TO 64 YEAR HIGH

The German government reported that in January, non-seasonally adjusted unemployment rose to 12.2%, significantly higher than the 10.8% rate seen in December and the highest rate since 1933. This surge was partially caused by the decision of the German government to transfer to all employers of construction workers the responsibility to pay 75% of salaries during inclement weather. As a result, many building industry employers chose to fire their workers, as harsh winter weather occurred. This sharp rise in unemployment occurred in both the former East Germany (18.7%, up from 15.9% in December) and the former West Germany (10.6%, up from 9.6%).

IRAQI PRODUCTION HELPS TO BOOST OPEC OUTPUT

With production levels well over quotas for most OPEC countries, OPEC petroleum production rose in January by 300,000 barrels per day, to a record 26.64 million barrels per day (bpd). Contributing to the high production level was the first full month of Iraqi petroleum exports, allowed under a UN oil-for-food exchange, that resulted in Iraqi production of 1.12 million bpd. The total OPEC production level is expected to continue to exceed overall quotas over the next several months.

FUEL PRICES (*dollars/bbl*) AND EXCHANGE RATES (*foreign units/US dollars*)

	<u>Feb 7</u>	<u>Jan 31</u>		<u>Feb 7</u>	<u>Jan 31</u>
Crude Oil (<i>Foreign</i>)	20.01	21.52	DM (<i>Germany</i>)	1.66	1.64
Crude Oil (<i>Domestic</i>)	22.23	24.15	Yen (<i>Japan</i>)	124.26	121.53
Pound (<i>UK</i>)	0.612	0.626	Peso (<i>Mexico</i>)	7.83	7.83
Ruble (<i>CIS</i>)	5646	5636	Won (<i>S. Korea</i>)	867	865

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